



[Docket No. OP-1787]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private-sector adjustment factor (PSAF) for 2023 of \$23.7 million and the 2023 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established based on all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective January 3, 2023.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules:

Ian Spear, Assistant Director, (202) 452-3959; Christian Miller, Lead Financial Institution Policy Analyst, (202) 452-3769; Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF: Rebecca Royer, Deputy Associate Director, (202) 736-5662; Sarah Skariah, Senior Financial Institution Policy Analyst, (202) 973-6882, Division of Reserve Bank Operations and Payment Systems. For users of TTY-TRS, please call 711 from any telephone, anywhere in the United States. Copies of the 2023 fee schedules for the check services are available from the Board, the Federal Reserve Banks, or the Federal Reserve Financial Services web site at www.FRBservices.org.

SUPPLEMENTARY INFORMATION:

I. Private-Sector Adjustment Factor, Priced Services Cost Recovery, and Overview of 2023 Price Changes

A. Overview — Each year, as required by the Monetary Control Act (MCA) of 1980, the Reserve Banks set fees for priced services provided to financial institutions. These fees are set to recover, over the long run, all direct and indirect costs and imputed costs, including financing

costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private-sector business provided the services.¹ The imputed costs and imputed profit are collectively referred to as the private-sector adjustment factor (PSAF).

From 2012 through 2021, the Reserve Banks recovered 103.0 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE).² During that period, check services, the Fedwire® Funds Service, National Settlement Service, and Fedwire Securities Service achieved full cost recovery. FedACH® Services achieved 97.9 percent cost recovery as a result of the Reserve Banks' development and implementation of a multiyear technology initiative to modernize the FedACH Services processing platform capabilities. Although the modernized platform was implemented in 2021, the Reserve Banks are continuing to invest in platform capabilities, as well as resiliency initiatives, as part of a broader enhancement strategy. At the same time, the Reserve Banks have made limited changes to existing FedACH Services fees to provide price stability for customers in alignment with pricing policies.³

¹ Although the Monetary Control Act does not define “over the long run,” the Board has generally measured long-run cost recovery for mature services to be over a 10-year rolling time frame. The Board currently views a 10-year cost recovery expectation as appropriate for assessing mature services, which are those that have achieved a critical mass of customer participation and generally have stable and predictable volumes, costs, and revenues. The 10-year recovery rate is based on the pro forma income statements for Federal Reserve priced services published in the Board’s *Annual Report*. In accordance with Accounting Standards Codification (ASC) 715 *Compensation – Retirement Benefits*, the Reserve Banks recognized a \$686.5 million cumulative reduction in equity related to the priced services’ benefit plans through 2021. Including this cumulative reduction in equity from 2012 to 2021 results in cost recovery of 94.3 percent for the 10-year period. This measure of long-run cost recovery is also published in the Board’s *Annual Report*.

² The Board communicated in its 2019 Notice *Federal Reserve Actions to Support Interbank Settlement of Instant Payments* (“2019 Notice”) that it expects the FedNow Service to achieve its first instance of long run cost recovery outside the 10-year time frame typically applied to mature services. New services like the FedNow Service may not initially have stable volumes, costs, and revenues. Application of the 10-year rolling time frame used to evaluate mature services to the FedNow Service would result in prohibitively high or unnecessarily volatile pricing, negatively affecting the Federal Reserve’s public policy objectives in providing the service. See “Federal Reserve Actions to Support Interbank Settlement of Instant Payments,” 84 FR 39297, (August 9, 2019). Available at: <https://www.govinfo.gov/content/pkg/FR-2019-08-09/pdf/2019-17027.pdf>

³ In alignment with the Board’s *Principles for the Pricing of Federal Reserve Bank Services*, the Reserve Banks will continue to assess the tradeoffs between price stability for customers, investment in technology infrastructure to reflect desirable longer-run improvements in the ACH system, and the expectation of achieving full cost recovery for the FedACH Service over the long run. See Board of Governors of the Federal Reserve System, “Adoption of Fee Schedules and Pricing Principles for Federal Reserve Bank Services,” 46 FR 1338, 1343 (Jan. 6, 1981). Available at <https://cdn.loc.gov/service/ll/fedreg/fr046/fr046003/fr046003.pdf>.

Table 1 summarizes 2021 actual, 2022 forecasted, and 2023 budgeted annual cost recovery rates for all priced services, excluding FedNowSM Service cost and revenue.⁴ Cost recovery is forecasted to be 101.1 percent in 2022 and budgeted to be 100.2 percent in 2023.

Table 1

Aggregate Priced Services Pro Forma Cost and Revenue Performance ^a (dollars in millions)					
YEAR	1 ^b REVENUE	2 ^c TOTAL EXPENSE	3 NET INCOME (ROE) [1-2]	4 ^d TARGETED ROE	5 ^e RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2021 (actual)	456.0	452.7	3.3	4.4	99.8%
2022 (forecast)	470.1	458.0	12.1	7.2	101.1%
2023 (budget)	495.8	486.2	9.6	8.4	100.2%

a Calculations in this table and subsequent pro forma cost and revenue tables may be affected by rounding. Excludes amounts related to the development of the FedNow Service.

b Revenue includes imputed income on investments when equity is imputed at a level that meets minimum capital requirements and, when combined with liabilities, exceeds total assets (attachment 1). For 2023, the projected revenue assumes implementation of the fee changes.

c The calculation of total expense includes operating, imputed, and other expenses. Imputed and other expenses include taxes, Board of Governors' priced services expenses, the cost of float, and interest on imputed debt, if any. Credits or debits related to the accounting for pension plans under ASC 715 are also included.

d Targeted ROE is the after-tax ROE included in the PSAF.

e The recovery rates in this and subsequent tables do not reflect the unamortized gains or losses that must be recognized in accordance with ASC 715. Future gains or losses, and their effect on cost recovery, cannot be projected.

Table 2 provides an overview of cost recovery budgets, forecasts, and performance for the 10-year period from 2012 to 2021, 2021 actual, 2022 budget, 2022 forecast, and 2023 budget by priced service.

Table 2

Priced Services Cost Recovery (percent)					
PRICED SERVICE	2012-2021	2021 ACTUAL	2022 BUDGET ^A	2022 FORECAST	2023 BUDGET ^B
All services	103.0	99.8	101.3	101.1	100.2
Check	109.1	103.2	97.1	100.4	100.1
FedACH	97.9	98.0	100.4	102.3	100.7

⁴ Per its 2019 Notice, the Board will disclose the FedNow Service's costs, inclusive of PSAF-related expenses, beginning the year the service is available to participating banks (currently anticipated in mid-2023). See "Federal Reserve Actions to Support Interbank Settlement of Instant Payments," 84 FR 39297, (August 9, 2019). Available at <https://www.govinfo.gov/content/pkg/FR-2019-08-09/pdf/2019-17027.pdf>.

Fedwire Funds and NSS	102.1	98.6	100.3	99.2	97.7
Fedwire Securities	102.4	103.8	149.4	108.4	109.3

A The 2022 budget figures reflect the final budgets as approved by the director of the Division of Reserve Bank Operations and Payment Systems under delegated authority given by the Board, who conditionally approved the final budgets in December 2021. See Board of Governors of the Federal Reserve System, “2022 Federal Reserve Bank Budget Memo and Addendum” available at 2022 Federal Reserve Bank Budget Memo and Addendum. These budget figures incorporate the implementation of a new cost accounting framework and a new Enterprise Resource Planning application, which had not been fully implemented when the initial cost recovery figures for 2022 budget were calculated and reported in last year’s Federal Register Notice.

B The 2023 budget figures reflect preliminary budget information from the Reserve Banks. The Reserve Banks will submit final budget data to the Board in November 2022, for Board consideration in December 2022.

1. *2022 Forecasted Performance* —The Reserve Banks forecast that they will recover 101.1 percent of the costs of providing priced services in 2022, including total expense and targeted ROE, compared with a 2022 budgeted recovery rate of 101.3 percent, as shown in table 2. Overall, the Reserve Banks forecast that they will fully recover actual and imputed costs and earn net income of \$12.1 million, compared with the targeted ROE of \$7.2 million. The Reserve Banks forecast that check services, the FedACH Services, and the Fedwire Securities Service will achieve full cost recovery.⁵ The Reserve Banks forecast that the Fedwire Funds Service and the National Settlement Service will not achieve full cost recovery in 2022. Forecasted under-recovery in 2022 for the Fedwire Funds Service and the National Settlement Service is driven by an effort to avoid significant price volatility for customers while maintaining long-run cost recovery.

2. *2023 Private-Sector Adjustment Factor* — The 2023 PSAF for Reserve Bank priced services is \$23.7 million.⁶ This amount represents an increase of \$4.3 million from the 2022 PSAF of \$19.4 million. This increase is attributable to a \$2.6 million increase in the cost of capital primarily driven by rising interest rates, a \$1.1 million increase in sales tax, and a \$0.6 million increase in Board of Governors expenses.

⁵ The Fedwire Securities Service over-recovery position is primarily driven by lower- than- budgeted operating and pension costs forecasted for 2022.

⁶ Inclusive of the FedNow Service, the PSAF increases to \$27.4 million for 2023. In alignment with its 2019 Notice related to the FedNow Service, fees that will be introduced in 2023 are based on costs in a mature volume environment. These costs include PSAF-related expenses the service has incurred over time.

3. *2023 Projected Performance* — The Reserve Banks project a priced services cost recovery rate of 100.2 percent in 2023, with a net gain of \$9.6 million and targeted ROE of \$8.4 million.⁷ The Reserve Banks project that each of the individual service lines will achieve full cost recovery in 2023 except for the Fedwire Funds Service and the National Settlement Service. The Fedwire Funds Service and the National Settlement Service are expected to under recover because of ongoing technology investments, higher operating costs, and a strategy of providing price stability to customers during a period of rising costs.

The Reserve Banks' primary risks to current projections are unanticipated volume and revenue reductions and the potential for cost overruns from new and ongoing improvement initiatives.

4. *2023 Pricing* - The following summarizes the Reserve Banks' proposed changes to fee schedules for priced services in 2023:

Check

- The Reserve Banks will increase the check Participation Fee by \$20 to \$100 depending on the tier.
- The Reserve Banks will increase check Premium Delivery Fees in the FedReceipt® suite of offerings for 8:00 a.m. ET target fees by \$0.005, from \$0.032 to \$0.037, 10:00 a.m. local target fees by \$0.002, from \$0.020 to \$0.022, and noon local target fees by \$0.001, from \$0.015 to \$0.016.
- The Reserve Banks will increase check Reject Repair Fees by \$0.05 for both basic and premium users.
- The Reserve Banks will increase all check FedImage® product fees by 10 percent.

⁷ The FedNow Service will be available mid-2023. Per its 2019 Notice "Federal Reserve Actions to Support Interbank Settlement of Faster Payments" ("2019 Notice"), the Board has determined that it is most appropriate to report FedNow Service cost recovery independently of mature priced services until the service has relatively stable revenues and costs. Thus, FedNow Service cost and revenue is excluded from overall performance projections for 2023. See "Federal Reserve Actions to Support Interbank Settlement of Faster Payments," 4 FR 39297, (August 9, 2019). Available here: Federal Register :: Federal Reserve Actions To Support Interbank Settlement of Faster Payments.

- The Reserve Banks will increase forward paper fees for Canadian cash letter fees for U.S. and Canadian funds by \$2.00 and per-item fees by \$0.50, Canadian Amount Encoding per-item fee by \$0.35, Foreign GBP and EURO per-item fee by \$3.00, Foreign All Other per-item fee by \$3.00, Foreign Collection per-item fee by \$7.00, and the Mixed Forward Products cash letter fee by \$2.00 and per-item fee by \$0.50.
- The Reserve Banks will increase return paper fees for Large Dollar Return Item Notification (LDRIN) via the FedLine Web[®] access solution per-item fee by \$0.50, Return Item Reclear cash letter fee by \$1.00 and per-item fee by \$0.05, Qualified and Unqualified Return Item cash letter fee by \$2.00 and per-item fee by \$1.00, and the Return Item Qualification per-item fee by \$1.75.

FedACH

- The Reserve Banks will add a new fifth tier to the FedACH Receipt Discount offered to Premium Receiver at a volume threshold of 30 million items per month. The discount for the new tier increases the current highest discount by \$0.0003 to \$0.0023 per-item for Premium Receivers, Level One⁸ and to \$0.0024 per-item for Premium Receivers, Level Two.⁹
- The Reserve Banks will increase the FedACH Participation fee from \$65 to \$75 per routing transit number (RTN) per month.
- The Reserve Banks will introduce a tiered FedACH Settlement Fee structure with fees ranging from \$60 to \$200 per RTN per month, based on Premium Receiver status.
- The Reserve Banks will increase the FedACH Information File Extract Fee from \$150 to \$180 per month.
- The Reserve Banks will increase the International ACH Transaction (IAT) File Fee from \$75 to \$150 per month.
- The Reserve Banks will increase the FedACH Risk[®] Management Services Package Fees approximately 20 percent per month depending on the tier.

⁸ RDFIs receiving through FedACH at least 90 percent of their FedACH-originated items, but less than 90 percent of all of their ACH items originated through any operator.

⁹ RDFIs receiving through FedACH at least 90 percent of all of their ACH items originated through any operator.

- The Reserve Banks will introduce a monthly tiered FedACH Exception Resolution Service fee structure with fees ranging from \$20 to \$500 per month based on monthly case volume count.

Fedwire Funds

- The Reserve Banks will increase the tier 1 volume-based pre-incentive transfer fee from \$0.88 to \$0.92.
- The Reserve Banks will increase the tier 2 volume-based pre-incentive transfer fee from \$0.255 to \$0.285.
- The Reserve Banks will increase the tier 3 volume-based pre-incentive transfer fee from \$0.17 to \$0.18.
- The Reserve Banks will increase the surcharge for offline transfers from \$70 to \$75.

National Settlement Service

- The Reserve Banks will keep prices at existing levels for all priced National Settlement Service products.

Fedwire Securities

- The Reserve Banks will decrease the agency transfer fee from \$0.77 to \$0.61.
- The Reserve Banks will decrease the Treasury transfer fee from \$0.77 to \$0.61.
- The Reserve Banks will decrease the issue maintenance fee from \$0.77 to \$0.61.
- The Reserve Banks will transition the transfer and settlement of marketable Treasury bills, notes, and bonds over the Fedwire Securities Service from a fiscal agency service to a priced service.
- The Reserve Banks will introduce Fedwire Securities Lending claims adjustment fees to mortgage-backed securities (MBS), Treasury, and non-Treasury debt securities through the Automated Claims Adjustment Process (ACAP) enhancements, expanding ACAP eligibility to all coupon paying securities. Further, the ACAP enhancements will establish two new fees in the schedule.¹⁰

¹⁰ The two new fees in the schedule are (1) Repo and Securities Lending Tracking Indicators and (2) Repo and Securities Lending Position Maintenance.

FedNow Service

- The Reserve Banks will introduce a customer credit transfer and customer credit transfer return fee of \$0.045 per-item. Customer credit transfers up to 2,500 transactions will be discounted to \$0.00 in 2023 per RTN per month.
- The Reserve Banks will introduce a FedNow participation fee of \$25.00 per RTN per month. This fee will be discounted to \$0.00 in 2023 per RTN per month.
- The Reserve Banks will introduce a Request for Payment (RFP) fee of \$0.01 per-item.
- The Reserve Banks will introduce a Liquidity Management Transfer fee of \$1.00 per transfer.

FedLine® Solutions

- The Reserve Banks will discontinue FedMail® Fax Service by December 31, 2023.
- The Reserve Banks will introduce a flat fee assessment for FedMail® Fax Service of \$200 per month.
- The Reserve Banks will increase the price for FedMail Email Service (for customers with FedLine Web and above) from \$60 to \$85.
- The Reserve Banks will increase the price for FedMail Subscribers from \$15 to \$25.
- The Reserve Banks will discontinue FedComplete® 100 Command Plus and FedComplete 200 Command Plus.
- The Reserve Banks will increase the price for FedComplete 100 Advantage Plus from \$825 to \$900 and FedComplete 100 Advantage Premier from \$900 to \$975.
- The Reserve Banks will increase the price for FedComplete 200 Advantage Plus from \$1,350 to \$1,425 and FedComplete 200 Advantage Premier from \$1,425 to \$1,500.
- The Reserve Banks will introduce a flat fee assessment for legacy VPN devices of \$400 per month to customers who have not started the migration by October 1, 2023.

- The Reserve Banks will collect FedLine Direct fees from FedLine Direct, Check 21 Large File Delivery and other FedLine Command or FedLine Advantage customers that use a wide area network connection.

B. Private-Sector Adjustment Factor — The imputed debt financing costs, targeted ROE, and effective tax rate are based on a U.S. publicly traded firm market model.¹¹ The method for calculating the financing costs in the PSAF requires determining the appropriate imputed levels of debt and equity and then applying the applicable financing rates. In this process, a pro forma balance sheet using estimated assets and liabilities associated with the Reserve Banks' priced services is developed, and the remaining elements that would exist are imputed as if these priced services were provided by a private business firm. The same generally accepted accounting principles that apply to commercial-entity financial statements apply to the relevant elements in the priced services pro forma financial statements.

The portion of Federal Reserve assets that will be used to provide priced services during the coming year is determined using information about actual assets and projected disposals and acquisitions. The priced portion of these assets is determined based on the allocation of depreciation and amortization expenses of each asset class. The priced portion of actual Federal Reserve liabilities consists of postemployment and postretirement benefits, accounts payable, and other liabilities. The priced portion of the actual net pension asset or liability is also included on the balance sheet.¹²

The equity financing rate is the targeted ROE produced by the capital asset pricing model (CAPM). In the CAPM, the required rate of return on a firm's equity is equal to the return on a risk-free asset plus a market risk premium. The risk-free rate is based on the three-month Treasury bill; the beta is assumed to be equal to 1.0, which approximates the risk of the market

¹¹ Data for U.S. publicly traded firms is from the Standard and Poor's Compustat® database. This database contains information on more than 6,000 U.S. publicly traded firms, which approximates information for the entirety of the U.S. market.

¹² The pension assets are netted with the pension liabilities and reported as a net asset or net liability as required by ASC 715 *Compensation – Retirement Benefits*.

as a whole; and the market risk premium is based on the monthly returns in excess of the risk-free rate over the most recent 40 years. The resulting ROE reflects the return a shareholder would expect when investing in a private business firm.

For simplicity, given that federal corporate income tax rates are graduated, state income tax rates vary, and various credits and deductions can apply, an actual income tax expense is not explicitly calculated for Reserve Bank priced services. Instead, the Board targets a pretax ROE that would provide sufficient income to fulfill the priced services' imputed income tax obligations. To the extent that performance results are greater or less than the targeted ROE, income taxes are adjusted using the effective tax rate.

Capital structure. The capital structure is imputed based on the imputed funding need (assets less liabilities), subject to minimum equity constraints. Short-term debt is imputed to fund the imputed short-term funding need. Long-term debt and equity are imputed to meet the priced services long-term funding need at a ratio based on the capital structure of the U.S. publicly traded firm market. The level of equity must meet the minimum equity constraints, which follow the FDIC requirements for a well-capitalized institution. The priced services must maintain equity of at least 5 percent of total assets and 10 percent of risk-weighted assets.¹³ Any equity imputed that exceeds the amount needed to fund the priced services' assets and meet the minimum equity constraints is offset by a reduction in imputed long-term debt. When imputed equity is larger than what can be offset by imputed debt, the excess is imputed as investments in Treasury securities; income imputed on these investments reduces the PSAF.

Application of the Payment System Risk (PSR) Policy to the Fedwire Funds Service. The Board's PSR policy incorporates the international standards for financial market infrastructures

¹³ The FDIC rule, which was adopted as final on April 14, 2014, requires that well-capitalized institutions meet or exceed the following standards: (1) total capital to risk-weighted assets ratio of at least 10 percent, (2) tier 1 capital to risk-weighted assets ratio of at least 8 percent, (3) common equity tier 1 capital to risk-weighted assets ratio of at least 6.5 percent, and (4) a leverage ratio (tier 1 capital to total assets) of at least 5 percent. Because all of the Federal Reserve priced services' equity on the pro forma balance sheet qualifies as tier 1 capital, only requirements 1 and 4 are binding. The FDIC rule can be located at 12 CFR 324.403(b).

(FMIs) developed by the Committee on Payments and Market Infrastructure and the Technical Committee of the International Organization of Securities Commissions in the *Principles for Financial Market Infrastructures*.¹⁴ The policy requires that the Fedwire Funds Service meet or exceed the applicable risk-management standards. Principle 15 states that an FMI should identify, monitor, and manage general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services. The Fedwire Funds Service does not face the risk that a business shock would cause the service to wind down in a disorderly manner and disrupt the stability of the financial system. To foster competition with private-sector FMIs, however, the Reserve Banks' priced services will hold an amount equivalent to six months of the Fedwire Funds Service's current operating expenses as liquid financial assets and equity on the pro forma balance sheet.¹⁵ Current operating expenses are defined as normal business operating expenses on the income statement, less depreciation, amortization, taxes, and interest on debt. Using the Fedwire Funds Service's preliminary 2023 budget, six months of current operating expenses would be \$69.5 million. In 2023, \$49.9 million of equity was imputed to meet the FDIC capital requirements. Additional equity of \$19.7 million was necessary to meet the PSR policy requirement.

Effective tax rate. Like the imputed capital structure, the effective tax rate is calculated based on data from U.S. publicly traded firms. The tax rate is the mean of the weighted average rates of the U.S. publicly traded firm market over the past five years.

Debt and equity financing. The imputed short- and long-term debt financing rates are derived from the nonfinancial commercial paper rates from the Federal Reserve Board's H.15

¹⁴ The Committee on Payments and Market Infrastructure was formerly the Committee on Payment and Settlement Systems.

¹⁵ This requirement does not apply to the Fedwire Securities Service. There are no competitors to the Fedwire Securities Service that would face such a requirement, and imposing such a requirement when pricing the securities services could artificially increase the cost of these services.

Selected Interest Rates release (AA and A2/P2) and the annual Merrill Lynch Corporate & High Yield Index rate, respectively. The equity financing rate is described above. The rates for debt and equity financing are applied to the priced services estimated imputed short-term debt, long-term debt, and equity needed to finance short- and long-term assets and meet equity requirements.

The 2023 PSAF is \$23.7 million, compared with \$19.4 million in 2022. The increase of \$4.3 million is attributable to a net \$2.6 million increase in the cost of capital, a \$1.1 million increase in sales tax due to inflation, and a \$0.6 million increase in Board of Governors expenses. The net \$2.6 million increase in cost of capital is primarily driven by a \$2.0 million increase in return on equity imputed to satisfy FDIC requirements of a well-capitalized institution and rising interest rates resulting in a \$1.2 million increase in cost of debt.

The PSAF expense of \$23.7 million, detailed in table 5, reflects \$11.6 million for capital funding, \$6.8 million for BOG expense, and \$5.3 million in sales tax expense.

As shown in table 3, 2023 total assets of \$805.6 million increased by \$15.5 million from 2022. The net increase in total assets reflects and additional \$25.2 million long-term assets partially offset by a net \$9.7 million decrease in short-term assets and imputed investments.

The net long-term asset increase of \$25.2 million primarily consists of a \$25.1 million increase in the net pension asset, reflecting higher plan contributions planned for 2022 and for 2023. In addition to this, Bank premises, furniture and equipment, and software and tenant improvement reflect a combined increase of \$19.8 million as a result of additional assets allocated to the priced services. The decrease in the deferred tax asset is due to a change in the discount rate.

The decrease in the short-term assets is primarily driven by a \$34.7 million decrease in the imputed investments in Treasury securities from imputed equity required to meet FDIC capital requirements for a well-capitalized institution and to comply with the PSR policy, partially offset by a \$10.0 million increase in imputed investments in Fed Funds.

The capital structure of the 2023 pro forma balance sheet, provided in table 4, is composed of equity of \$69.5 million, or 13.9 percent of the 2023 risk-weighted assets detailed in table 6, and no long-term debt. The 2023 capital structure differs from that of 2022, which was composed of \$77.6 million of equity and no long-term debt. Provided in table 5, the 2023 initially imputed equity required to fund assets and meet the publicly traded firm model capital requirements is \$1.0 million. As long-term assets are marginally greater than long-term liabilities, long-term debt of \$1.4 million was imputed at the observed market ratio of 59.1 percent. To meet the FDIC capital requirements for a well-capitalized institution, \$1.4 million of imputed long-term debt was substituted for equity, and additional equity of \$48.9 million was imputed to meet the FDIC capital requirements. The resulting \$49.9 million total level of equity was not sufficient to satisfy the \$69.5 million equity needed for the PSR policy requirements, and additional equity of \$19.7 million was imputed.

The net Accumulated Other Comprehensive loss is \$640.8 million, compared with \$687.7 million in 2022. The \$46.9 million increase is primarily attributable to a higher discount rate. AOCI is in a net loss position and does not reduce the total imputed equity required to fund priced services assets or fulfill the FDIC equity requirements for a well-capitalized institution.

Table 3

Comparison of Pro Forma Balance Sheets for Budgeted Federal Reserve Priced Services^a
(millions of dollars – projected average for year)

	2023	2022	Change
Short-term assets			
Receivables	\$ 41.9	\$ 39.0	\$ 2.8
Inventory	0.2	0.4	(0.2)
Prepaid expenses	30.9	30.5	0.4
Items in process of collection ¹⁶	76.0	64.0	12.0
Total short-term assets	148.9	133.9	15.1
Imputed investments¹⁷			
Imputed investment in Treasury Securities	\$ 67.2	\$ 101.9	\$ (34.7)
Imputed investment in Fed Funds	182.0	172.0	10.0
Total imputed investments	249.2	273.9	(24.7)
Long-term assets			
Premises ¹⁸	\$ 100.0	\$ 87.6	\$ 12.5
Furniture and equipment	54.2	51.9	2.3
Software and leasehold improvements	69.9	64.8	5.1
Net pension asset	25.9	0.9	25.1
Deferred tax asset	157.4	177.1	(19.7)
Total long-term assets	407.5	382.3	25.2
Total assets	\$ 805.6	\$ 790.1	\$ 15.5
Short-term liabilities			
Deferred credit items	\$ 258.0	\$ 236.0	\$ 22.0
Short-term debt	47.0	21.6	25.3
Short-term payables	25.9	48.3	(22.3)
Total short-term liabilities	330.9	305.9	25.1
Long-term liabilities			
Postemployment/postretirement benefits and net pension liabilities ¹⁹	405.2	406.6	(1.4)
Total liabilities	\$ 736.1	\$ 712.4	\$ 23.7
Equity²⁰	\$ 69.5	\$ 77.6	\$ (8.1)
Total liabilities and equity	\$ 805.6	\$ 790.1	\$ 15.5

^a Calculations in this table and subsequent PSAF tables may be affected by rounding.

¹⁶ Credit float, which represents the difference between items in process of collection and deferred credit items, occurs when the Reserve Banks debit the paying bank for transactions before providing credit to the depositing bank. Float is directly estimated at the service level.

¹⁷ Consistent with the Board's PSR policy, the Reserve Banks' priced services will hold an amount equivalent to six months of the Fedwire Funds Service's current operating expenses as liquid net financial assets and equity on the pro forma balance sheet. Six months of the Fedwire Funds Service's projected current operating expenses is \$69.5 million. In 2023, \$19.7 million of equity was imputed to meet the regulatory capital requirements.

¹⁸ Includes the allocation of Board of Governors assets to priced services of \$2.7 million for 2023 and \$2.1 million for 2022.

¹⁹ Includes the allocation of Board of Governors liabilities to priced services of \$1.3 million for 2023 and \$1.3 million for 2022.

²⁰ Includes an accumulated other comprehensive loss of \$640.8 million for 2023 and \$687.7 million for 2022, which reflects the ongoing amortization of the accumulated loss in accordance with ASC 715. Future gains or losses, and their effects on the pro forma balance sheet, cannot be projected. See table 5 for calculation of required imputed equity amount.

Table 4
Imputed Funding for Priced-Services Assets
(millions of dollars)

	2023	2022
A. Short-term asset financing		
Short-term assets to be financed		
Receivables	\$ 41.9	\$ 39.0
Inventory	0.2	0.4
Prepaid expenses	30.9	30.5
Total short-term assets to be financed	\$ 72.9	\$ 69.9
Short-term payables	25.9	48.3
Net short-term assets to be financed	\$ 47.0	\$ 21.6
Imputed short-term debt financing ²¹	\$ 47.0	\$ 21.6
B. Long-term asset financing		
Long-term assets to be financed		
Premises	\$ 100.0	\$ 87.6
Furniture and equipment	54.2	51.9
Software and Leasehold Improvements	69.9	64.8
Net pension asset	25.9	0.9
Deferred tax asset	157.4	177.1
Total long-term assets to be financed	\$ 407.5	\$ 382.3
Postemployment/postretirement benefits and net pension liabilities	405.2	406.6
Net long-term assets to be financed	\$ 69.5	\$ 77.6
Imputed long-term debt ²¹	\$ -	\$ -
Imputed equity ²¹	69.5	77.6
Total long-term financing	\$ 69.5	\$ 77.6

Table 5
Derivation of the 2023 and 2022 PSAF
(dollars in millions)

	2023		2022
A. Imputed long-term debt and equity			
	Debt	Equity	Debt Equity
Net long-term assets to finance	\$ 2.3	\$ 2.3	\$ (24.3) \$ (24.3)
Capital structure observed in market	59.1%	40.9%	59.1% 40.9%
Pre-adjusted long-term debt and equity	\$ 1.4	\$ 1.0	\$ (14.3) \$ (9.9)

²¹ Imputed short-term debt financing is computed as the difference between short-term assets and short-term liabilities. As presented in table 5, the financing costs of imputed short-term debt, imputed long-term debt and imputed equity are the elements of cost of capital, which contribute to the calculation of the PSAF.

Equity adjustments ²² :									
Equity to meet capital requirements	-	49.9	-	46.8					
Adjustment to debt and equity funding given capital requirements ²³	(1.4)	1.4	(14.4)	14.4					
Adjusted equity balance	-	2.3	-	(24.3)					
Equity to meet capital requirements ²⁴	-	47.5	-	71.1					
Total imputed long-term debt and equity	<u>\$ -</u>	<u>\$ 49.9</u>	<u>\$ -</u>	<u>\$ 46.8</u>					
B. Cost of capital									
Elements of capital costs									
Short-term debt ²⁵	\$ 47.0 x	2.6% =	\$ 1.2	\$ 21.6 x	0.1% =	\$ 0.0			
Long-term debt ²⁵	- x	3.6% =	-	- x	3.4% =	-			
Equity ²⁶	49.9 x	14.9% =	<u>7.4</u>	46.8 x	11.6% =	<u>5.4</u>			
			\$ 8.7			\$ 5.4			
C. Incremental cost of PSR policy									
Equity to meet policy	\$ 19.7 x	14.9% =	<u>\$ 2.9</u>	\$ 30.8 x	11.6% =	<u>\$ 3.6</u>			
D. Other required PSAF costs									
Sales taxes	\$ 5.3			\$ 4.2					
Board of Governors expenses	<u>6.8</u>			<u>6.2</u>					
			12.1			10.4			
			<u>\$ 23.7</u>			<u>\$ 19.4</u>			
E. Total PSAF									
As a percent of assets		2.9%				2.5%			
As a percent of expenses		3.9%				4.3%			
F. Tax rates									
		19.3%				20.3%			

Table 6
Computation of 2023 Capital Adequacy for Federal Reserve Priced Services
(dollars in millions)

	<u>Assets</u>	<u>Risk Weight</u>	<u>Weighted Assets</u>
Imputed investments:			
1-Year Treasury securities ²⁷	\$ 67.2	-	\$ -

²² If minimum equity constraints are not met after imputing equity based on the capital structure observed in the market, additional equity is imputed to meet these constraints. The long-term funding need was met by imputing long-term debt and equity based on the capital structure observed in the market (see tables 4 and 6). In 2022, the amount of imputed equity met the minimum equity requirements for risk-weighted assets.

²³ Equity adjustment offsets are due to a shift of long-term debt funding to equity in order to meet FDIC capital requirements for well-capitalized institutions.

²⁴ Additional equity in excess of that needed to fund priced services assets is offset by an asset balance of imputed investments in treasury securities.

²⁵ Imputed short-term debt and long-term debt are computed at table 4.

²⁶ The 2023 ROE is equal to a risk-free rate plus a risk premium (beta * market risk premium). The 2022 after-tax CAPM ROE is calculated as 2.29% + (1.0 * 9.72%) = 12.02%. Using a tax rate of 19.3%, the after-tax ROE is converted into a pretax ROE, which results in a pretax ROE of (12.02% / (1-19.3%)) = 14.88%. Calculations may be affected by rounding.

²⁷ If minimum equity constraints are not met after imputing equity based on all other financial statement components, additional equity is imputed to meet these constraints. Additional equity imputed to meet minimum equity requirements is invested solely in Treasury securities. The imputed investments are similar to those for which rates are available on the Federal Reserve's H.15 statistical release, which can be located at <http://www.federalreserve.gov/releases/h15/data.htm>.

Federal funds ²⁸	182.0	0.2	36.4
Total imputed investments	249.2		36.4
Receivables	\$ 41.9	0.2	\$ 8.4
Inventory	0.2	1.0	0.2
Prepaid expenses	30.9	1.0	30.9
Items in process of collection	76.0	0.2	15.2
Premises	100.0	1.0	100.0
Furniture and equipment	54.2	1.0	54.2
Software and leasehold			
Improvements	69.9	1.0	69.9
Pension asset	25.9	1.0	25.9
Deferred tax asset	157.4	1.0	157.4
Total	<u>\$ 805.6</u>		<u>\$ 498.5</u>
Imputed equity:			
Capital to risk-weighted assets	13.9%		
Capital to total assets	8.6%		

²⁸ The investments are imputed based on the amounts arising from the collection of items before providing credit according to established availability schedules.

C. *Check Services* — Table 7 shows the 2021 actual, 2022 forecasted, and 2023 budgeted cost-recovery performance for commercial check services.

Table 7

Check Services Pro Forma Cost and Revenue Performance (dollars in millions)					
	1	2	3	4	5
YEAR	REVENUE	TOTAL EXPENSE	NET INCOME (ROE) [1-2]	TARGETED ROE	RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2021 (actual)	109.9	105.4	4.5	1.1	103.2
2022 (forecast)	110.6	109.1	1.5	1.0	100.4
2023 (budget)	108.2	106.7	1.5	1.3	100.1

1. *2022 Forecast*— The Reserve Banks forecast that check services will recover 100.4 percent of total expenses and targeted ROE, compared with a 2022 budgeted recovery rate of 97.1 percent.

Through August, total commercial forward and total commercial return check volumes were 6.4 percent lower and 18.8 percent greater, respectively, than they were during the same period last year. For full-year 2022, the Reserve Banks estimate that their total forward check volume will decline 7.0 percent (compared with a budgeted decline of 7.4 percent) and their total return check volume will increase 12.7 percent (compared with a budgeted decline of 10.2 percent) from 2021 levels. The Reserve Banks expect that check volumes will continue to decline, although uncertainty remains as to the rate of decline into 2023.²⁹ In particular, the Reserve Banks' check volumes are expected to decline because of substitution away from checks to other payment instruments.

²⁹ Return rates (as a percentage of forward volume) dropped dramatically in 2020 and 2021, likely because of the three rounds of Economic Impact Payments (EIPs) and other federal and state programs in response to the pandemic. Reserve Banks expected these lower rates to continue in 2022, but instead have seen return rates relative to forward volume revert to pre-Covid levels.

2. *2023 Pricing* — The Reserve Banks expect check services to recover 100.1 percent of total expenses and targeted ROE. The Reserve Banks project revenue to be \$108.2 million, a decline of \$2.4 million, or 2.2 percent from the 2022 forecast. Total expenses for check services are projected to be \$106.7, a decrease of \$2.4 million, or 2.2 percent, from 2022 forecasted expenses.

The Reserve Banks will increase the pricing tiers for the fixed monthly participation fee. In light of the ongoing volume declines and growing costs related to check processing infrastructure, the changes are intended to continue to support revenue stability through fixed fees while minimizing the impact of fee increases on smaller institutions, taking into account higher system utilization costs associated with higher volumes from larger institutions. Table 8 shows the 2023-tiered participation fees.

Table 8

Check 21 Participation Fee Structure	
TIER³⁰	MONTHLY FEE
1	\$325.00
2	\$200.00
3	\$130.00
4	\$75.00

The Reserve Banks will increase FedReceipt[®] Premium Delivery Fees for the 8:00 a.m. ET target by \$0.005, from \$0.032 to \$0.037, for the 10:00 a.m. local target by \$0.002, from \$0.020 to \$0.022, and for the noon local target by \$0.001, from \$0.015 to

³⁰ This fee is charged to financial institutions that have received any Check 21 electronic or substitute check volume (forward or return) from the Reserve Banks during the month. The fee is applied at the parent financial institution level, as defined in the Reserve Banks' Global Customer Directory. Each financial institution's tier assignment is determined by the criteria described in the FedForward Standard Endpoint Tier Listing.

\$0.016. The Reserve Banks will increase Reject Repair fees for both basic and premium users by \$0.05.

Additionally, the Reserve Banks will adopt a combination of fixed and variable pricing changes to legacy products and services. These changes are a continuation of targeting products that are in the later stages of the product life cycle to encourage customers to use modern services. First, the Reserve Banks will increase all FedImage[®] product fees 10 percent and sunset eight services that are no longer used or minimally used.³¹ Second, the Reserve Banks will increase cash letter fees for forward Canadian Check Clearing for U.S. funds and Canadian funds by \$2.00 (13 percent) and per-item fees by \$0.50 (9 percent), Canadian Amount Encoding per-item fees by \$0.35 (21 percent), Foreign GBP and EURO per-item fees by \$3.00 (14 percent), Foreign All Other per-item fees by \$3.00 (14 percent), Foreign Collection per-item fees by \$7.00 (8 percent), and the Mixed Forward Products cash letter fees by \$2.00 (13 percent) and per-item fees by \$0.50 (12 percent). Lastly, the Reserve Banks will increase per-item return paper fees for Large Dollar Return Item Notification (LDRIN) via the FedLine Web access solution by \$0.50 (12 percent), Return Item Reclear cash letter fees by \$1.00 (10 percent) and per-item fees by \$0.05 (5.0 percent to 7.0 percent depending on dollar value levels), Qualified and Unqualified Return Item cash letter fees by \$2.00 (13 percent) and per-item fees by \$1.00 (14 percent), and the Return Item Qualification per-item fee by \$1.75 (21 percent).

³¹ The following FedImage Services will be discontinued: image capture + 7 business day archive, image capture on-us surcharge, dual archive (transition period up to 120 days), extended dual archive (more than 120 days), reoccurring request retrievals to email via FedLine web, CD-ROM – tape, CD-ROM selected accounts service –RAID, and information retrieval – FedLine (non-image).

As check volumes continue to decline, the proposed pricing increases are intended to help stabilize check revenues, to shift the revenue mix toward fixed fees, and to continue a value-based pricing strategy for financial institutions that use the services.

The Reserve Banks estimate the above price changes, along with an expected decrease in volume, will result in an overall 4.5 percent average price increase for check services' customers.

The Reserve Banks' primary risk to current projections for check services is a greater-than-expected decline in check volume due to the general reduction in check writing and competition from correspondent banks, aggregators, and direct exchanges, which would result in lower-than-anticipated revenue.

D. *FedACH[®] Services* — Table 9 shows the 2021 actual, 2022 forecasted, and 2023 budgeted cost-recovery performance for commercial FedACH Services.

Table 9

FedACH Services Pro Forma Cost and Revenue Performance (dollars in millions)					
	1	2	3	4	5
YEAR	REVENUE	TOTAL EXPENSE	NET INCOME (ROE) [1-2]	TARGETED ROE	RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2021 (actual)	165.7	167.5	(1.7)	1.7	98.0
2022 (forecast)	173.1	167.6	5.5	1.5	102.3
2023 (budget)	178.6	175.2	3.5	2.2	100.7

1. *2022 Forecast* — The Reserve Banks forecast that FedACH Services will recover 102.3 percent of total expenses and targeted ROE, compared with a budgeted recovery rate of 100.4 percent.

Through August, FedACH commercial origination and receipt volume was 3.9 percent higher than it was during the same period last year. For the full year 2022, the

Reserve Banks estimate that FedACH commercial origination and receipt volume will increase 2.9 percent from 2021 levels, compared with a 2021 budgeted increase of 4.9 percent.

2. 2023 *Pricing* — The Reserve Banks expect FedACH Services to recover 100.7 percent of total expenses and targeted ROE in 2023. The Reserve Banks project revenue to be \$178.6 million, an increase of \$5.5 million, or 3.2 percent, from the 2022 forecast. Total expenses are projected to be \$175.2 million, an increase of \$7.6 million, or 4.5 percent, from the 2022 forecast.

The Reserve Banks will add a new fifth tier to the ACH Receipt Discount offered to Premium Receiver customers at a volume threshold of 30 million items per month. The new discount tier increases the current highest discount by \$0.0003 to \$0.0023 per-item for Premium Receivers, Level One and to \$0.0024 per-item for Premium Receivers, Level Two.³²

The Reserve Banks will increase the monthly ACH Participation Fee from \$65 to \$75 per RTN per month. In addition, the Reserve Banks will introduce a tiered ACH Settlement Fee structure with fees ranging from \$60 to \$200 per RTN per month based on Premium Receiver status.³³ Over the past years, the Reserve Banks have made minimal changes to existing FedACH Participation and Settlement Fees.³⁴ The price changes are driven by ongoing operational costs and increased costs associated with introducing three additional intraday settlement windows to FedACH, and reflect higher utilization costs associated with higher volumes.

³² Premium Receivers, Level One: RDFIs receiving through FedACH at least 90 percent of their FedACH-originated items, but less than 90 percent of all of their ACH items originated through any operator. Premium Receivers, Level Two: RDFIs receiving through FedACH at least 90 percent of all of their ACH items originated through any operator.

³³ Premium Receivers will be subject to a settlement fee of \$60 per RTN per month. Non-Premium Receivers with a volume threshold of less than 1,500,000 items per month will be subject to a settlement fee of \$100 per RTN per month. Non-Premium Receivers with a volume threshold of more than 1,500,000 items per month will be subject to a settlement fee of \$200 per RTN per month.

³⁴ The last increase to the FedACH Participation Fee was in 2018, from \$58 to \$65, or 12 percent. The last increase to the FedACH Settlement Fee was in 2014, from \$50 to \$55, or 10 percent.

The Reserve Banks will increase the monthly FedACH Information File Extract Fee from \$150 to \$180 per month. In addition, the Reserve Banks will increase the IAT File Fee from \$75 to \$150 per month, and the FedACH Risk[®] Package Fees approximately 20 percent depending on the tier. The price changes reflect ongoing technology investments and infrastructure enhancements along with minimal price increases for these value-added services in previous years.³⁵

The Reserve Banks will modify the existing FedACH Exception Resolution Service fee structure and introduce a monthly fee tiered by usage and consolidated at the parent Depository Financial Institution level. Fees will range from \$20 to \$500 depending on monthly case volume count. The new tiered fee structure will simplify the current pricing structure by replacing existing fixed monthly and variable per case fees.

The Reserve Banks estimate the above price changes will result in a 4.4 percent average price increase for FedACH customers.

The Reserve Banks will continue to assess pricing strategies that balance price stability with ongoing investments in system enhancements, while responding to economic and market dynamics. The Reserve Banks' primary risks to current projections for FedACH Services are unanticipated cost overruns associated with continued technology and resiliency investments, and lower-than-projected volumes and growth due to the market and economic environment.

E. Fedwire[®] Funds Service and National Settlement Service — Table 10 shows the 2021 actual, 2022 forecasted, and 2023 budgeted cost-recovery performance for the Fedwire Funds Service and the National Settlement Service.

Table 10

³⁵ The last increase to the FedACH Information File Extract Fee was in 2017, from \$100 to \$150. The last increase to the IAT File Fee was in 2012, from \$50 to \$75. The FedACH Risk Package Fee has not been increased since it was first introduced in 2013.

Fedwire Funds Service and National Settlement Service Pro Forma Cost and Revenue Performance (dollars in millions)					
	1	2	3	4	5
YEAR	REVENUE	TOTAL EXPENSE	NET INCOME (ROE) [1-2]	TARGETED ROE	RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2021 (actual)	152.7	153.4	(0.7)	1.5	98.6
2022 (forecast)	161.7	158.7	3.0	4.3	99.2
2023 (budget)	164.4	164.0	0.4	4.3	97.7

1. *2022 Forecast* — The Reserve Banks forecast that the Fedwire Funds Service and the National Settlement Service will recover 99.2 percent of total expenses and targeted ROE, compared with a budgeted recovery rate of 100.3 percent.

Through August, Fedwire Funds Service online volume was 1.4 percent lower than it was during the same period last year. For full-year 2022, the Reserve Banks estimate that Fedwire Funds Service online volume will increase 0.1 percent from 2021 levels, compared with the 12.9 percent volume increase that had been budgeted. Through August, the National Settlement Service settlement file volume was 2.9 percent higher than it was during the same period last year, and settlement entry volume was 1.4 percent higher. For full-year 2022, the Reserve Banks estimate that settlement file volume will increase 1.1 percent (compared with a budgeted decrease of 3.1 percent) and settlement entry volume will decrease 0.1 percent from 2021 levels (compared with a budgeted 2.6 percent decrease).

2. *2023 Pricing* — The Reserve Banks expect the Fedwire Funds Service and the National Settlement Service to recover 97.7 percent of total expenses in 2023. Revenue is projected to be \$164.4 million, an increase of 1.7 percent from the 2022 forecast. The Reserve Banks project total expenses to be approximately \$5.3 million higher than 2022 expenses, an increase of 3.3 percent, primarily reflecting ongoing technology

investments, including those associated with the Fedwire Funds Service’s transition to the ISO® 20022 messaging format.³⁶ In addition, the National Settlement Service incurred higher costs in 2022 because of the expansion of its operating hours.³⁷

The Reserve Banks will increase all three of the gross origination and receipt tiered fees. The tier 1 fee will increase from \$0.88 to \$0.92, the tier 2 fee will increase from \$0.255 to \$0.285, and the tier 3 fee will increase from \$0.17 to \$0.18. In addition, the offline send and receive surcharge for the Fedwire Funds Service will increase from \$70.00 to \$75.00. The Reserve Banks estimate the above price changes will result in an overall 8.3 percent average price increase for Fedwire Funds Service customers.

The Reserve Banks will not change National Settlement Service fees for 2023.

The Reserve Banks’ primary risk to current projections for these services is uncertainty about the economic outlook for 2023, which complicates the accuracy of 2023 volume projections. Historically, Fedwire Funds Service volume has reflected market conditions, and a broader downturn in 2023 would likely result in a decrease in Fedwire Funds Service volume.³⁸ Separately, unexpected increases in 2023 technology costs would likely result in reduced cost recovery for the year.

F. Fedwire Securities Service — Table 11 shows the 2021 actual, 2022 forecast, and 2023 budgeted cost-recovery performance for the Fedwire Securities Service.³⁹

³⁶ In October 2021, the Board announced that the Federal Reserve Banks will adopt the ISO 20022 message format for the Fedwire® Funds Service. See New Message Format for the Fedwire Funds Services, 86 Fed. Reg. 55600 (June 27, 2022). Available at Federal Register Notice: New Message Format for the Fedwire Funds Service ([federalreserve.gov](https://www.federalreserve.gov))

³⁷ The National Settlement Service expanded its hours to 21.5 hours per day in 2022, with a new 9:00 p.m. ET open for the next business day.

³⁸ Fedwire Funds Service volume growth reflects economic growth. For example, its volume has grown every year except for 2008 and 2009, when it contracted 2.5 percent and 5.0 percent, respectively, during the Great Recession. For historical Fedwire Funds Service volume data, see [frbsservices.org](https://www.frbsservices.org), “Fedwire Funds Service - Annual Statistics. Available at: <https://www.frbsservices.org/resources/financial-services/wires/volume-value-stats/annual-stats.html>.

³⁹ The Reserve Banks provide transfer services for securities issued by the U.S. Treasury, federal government agencies, government-sponsored enterprises, and certain international institutions. The

Table 11

Fedwire Securities Service Pro Forma Cost and Revenue Performance (dollars in millions)					
	1	2	3	4	5
YEAR	REVENUE	TOTAL EXPENSE	NET INCOME (ROE) [1-2]	TARGETED ROE	RECOVERY RATE AFTER TARGETED ROE [1/(2+4)]
2021 (actual)	27.7	26.5	1.2	0.2	103.8
2022 (forecast)	24.7	22.6	2.1	0.2	108.4
2023 (budget)	44.5	40.3	4.3	0.5	109.3

1. *2022 Forecast* — The Reserve Banks forecast that the Fedwire Securities Service will recover 108.4 percent of total expenses and targeted ROE, compared with a 2022 budgeted recovery rate of 149.4 percent.

For full-year 2022, volume for account maintenance is expected to decline from 2021 levels, while volumes for issue maintenance are expected to increase modestly from 2021 levels. Through August, account maintenance volume was 2.9 percent lower than it was during the same period last year. For full-year 2022, the Reserve Banks estimate that account maintenance volume will decline 3.2 percent from 2021 levels, compared with a budgeted decline of 4.6 percent. Through August, the number of agency issues maintained was 2.0 percent higher than it was during the same period last year. For full-year 2022, the Reserve Banks estimate that the number of agency issues maintained will increase 2.2 percent from 2021 levels, compared with a budgeted decline of 0.6 percent.

2. *2023 Pricing* — The Reserve Banks expect the Fedwire Securities Service to recover 109.3 percent of total expenses and targeted ROE in 2023. Revenue is projected

priced component of this service, reflected in this memorandum, consists of revenues, expenses, and volumes associated with the transfer of all non-Treasury securities. For Treasury securities, the U.S. Treasury assesses fees for the securities transfer component of the service. The Reserve Banks assess a fee for the funds settlement component of a Treasury securities transfer; this component is not treated as a priced service.

to be \$44.5 million, an increase of 80.2 percent from the 2022 revenue forecast. The Reserve Banks also project that 2023 expenses will increase by \$17.7 million from the 2022 forecast, an increase of 78.3 percent.

The Reserve Banks project that agency transfer volume will remain relatively stable compared with previous years, with no notable changes that could potentially have a significant impact on agency transfers. The volume of Treasury security transfers is projected to increase because of anticipated growth of public debt. The volume of accounts maintained are expected to decrease 3.0 percent, consistent with recent trends and primarily driven by a reduction in joint custody accounts. The volume of agency issues maintained is expected to remain relatively flat, driven by expectations that security holdings will become increasingly concentrated and the volume of MBS CUSIPs on priced Securities Accounts will continue to increase. Claim adjustment volume is expected to increase with enhancements to the ACAP product. The Reserve Banks will decrease the agency transfer fee, the Treasury transfer fee, and the issue maintenance fee from \$0.77 to \$0.61 as part of a strategic transition to more accurately align costs across product offerings and to adjust for the large over-recovery in 2022.

In response to direction from the U.S. Department of the Treasury, the Reserve Banks will offer to participants the transfer and settlement of marketable Treasury bills, notes, and bonds over the Fedwire Securities Service as a priced service effective January 3, 2023. This will align the Reserve Banks' treatment of transfer and settlement of Treasury securities with its treatment of transfer and settlement of non-Treasury securities.⁴⁰

⁴⁰ Currently, the Reserve Banks provide transfer services for Treasury securities as fiscal agent on behalf of the U.S. Department of the Treasury. Fees related to transfers of Treasury securities are set by the U.S. Department of the Treasury and collected by the Reserve Banks. The fees are then remitted to the U.S. Department of the Treasury by the Reserve Banks. The U.S. Department of the Treasury currently reimburses the Reserve Banks for the associated costs.

Following the transition of transfer services for Treasury securities to a priced service, the Reserve Banks will set, charge, collect, and retain fees from customers for transfers of Treasury securities, obviating the need for remittance to and reimbursement from the U.S. Department of the Treasury.

As part of the ACAP enhancements, the Reserve Banks are introducing several changes to ACAP pricing.

First, the Reserve Banks will introduce the pricing of applicable claim adjustments on newly ACAP-eligible security types, Treasury securities, and non-Treasury debt securities, as part of the implementation of the ACAP enhancement project in 2023. The ACAP enhancements will add a new claim type, Securities Lending, to the existing claim adjustments. This change will result in an extension of the pricing schedule to Securities Lending claim adjustments for MBS, Treasury, and non-Treasury debt securities.

Further, the Reserve Banks will expand the existing ACAP's pricing schedule to include Repo Tracking Indicators and Repo Position Maintenance fees, and once available, to Securities Lending Tracking Indicators and Securities Lending Position Maintenance fees.

The Reserve Banks estimate the above price changes will result in an overall 17.3 percent average price decrease for Fedwire Funds Service customers.

The Reserve Banks' primary risks to current projections for the Fedwire Securities Service include variations in technology costs and product volume forecasts stemming from an uncertain economic outlook.

G. FedNow Service

1. *2022 Forecast* – The Reserve Banks did not estimate FedNow Service recovery of total expenses and targeted ROE because it will not be operational until mid-2023.

2. *2023 Pricing* – The Reserve Banks will introduce a fee schedule for the FedNow Service that includes both per-item and fixed fees. This represents the initial fee schedule for the service, and the Reserve Banks expect that the fee schedule will change as the service matures.

To limit prohibitively high or unnecessarily volatile prices, fees are based on transaction costs associated with mature volume estimates, inclusive of PSAF related expenses. This approach is similar to how the Reserve Banks have set fees for new services in the past.⁴¹ The proposed fee schedule also reflects the Federal Reserve’s assessment of prevailing market practices among instant payments operators. Additionally, as described in greater detail below, the FedNow Service will discount certain fees to \$0.00 in 2023. This approach is in alignment with the Board’s Pricing Principles and will support the Board’s policy objective of nationwide access to instant payments.⁴²

The Reserve Banks will introduce a per-item fee of \$.045 that is charged to the FedNow Sender for each customer credit transfer (CCT) and CCT return.⁴³ These fees will only be charged for messages that are accepted by the FedNow Receiver and settled

⁴¹ In establishing fees for the Federal Reserve’s ACH service, the Board allowed fees to be set to recover costs associated with mature volume estimates instead of current costs. As part of setting fees following the passage of the MCA in 1980, the Federal Reserve published a specific year that it expected ACH to achieve annual cost recovery. At that time, FedACH had been in operation for more than a decade, giving the Federal Reserve the ability to estimate costs and revenues with relative confidence. Performing a similar exercise for the FedNow Service would not be feasible in the short term because of the lack of historical data. See Board of Governors of the Federal Reserve System, “Adoption of Fee Schedules and Pricing Principles for Federal Reserve Bank Services,” 46 FR 1338, 1343 (Jan. 6, 1981). Available at: <https://cdn.loc.gov/service/ll/fedreg/fr046/fr046003/fr046003.pdf>.

⁴² This approach is consistent with the Board’s Pricing Principles. Specifically, in adopting principle 7, the Board explained that pricing flexibility may be necessary to induce desirable long-run changes in the payment system and to foster development of services that will ultimately benefit the public. See “Policies: The Federal Reserve in the Payments System,” (January 2001). Available at: Federal Reserve Board - Policies: The Federal Reserve in the Payments System.

⁴³ Operating Circular (OC) 8 defines a FedNow Sender as a FedNow Participant that sends a payment order through the FedNow Service. “Operating Circular 8,” (September 21, 2022). Available at: Operating Circular No. 8 - Funds Transfers through the FedNow Service ([frbservices.org](https://frb.org/services/oc8)).

over the service.⁴⁴ CCTs up to 2,500 transactions per RTN per month will be discounted to \$0.00 in 2023.

The Reserve Banks will introduce a \$25 monthly participation fee, discounted to \$0.00 per month in 2023, for every routing transit number (RTN) enrolled in the service. The participation fee will only be charged to RTNs that are able to receive CCTs (Send & Receive or Receive-only participation types). The participation fee will not be charged to Liquidity Management Transfer (LMT) only and Settlement-only participation types in 2023.⁴⁵

The Reserve Banks will introduce a fee of \$0.01 that is charged to the FedNow Participant for each request for payment (RFP) message that is completed or received by a financial institution with RFP receipt enabled.⁴⁶ RFP messages sent to a financial institution that is not enabled for receipt of RFP will not be assessed the fee, since those messages will not be completed. The fee will be charged regardless of whether the RFP is answered with a CCT.

The Reserve Banks will introduce a fee of \$1.00 that is charged to the FedNow Sender for each liquidity management transfer settled over the FedNow Service. Although not currently under consideration, a separate, fixed fee related to LMT use may be introduced in the future. Changes to the LMT per-item fee will also be under consideration as LMT activity evolves. Per the 2020 Notice related to the FedNow

⁴⁴ OC 8 defines a FedNow Receiver as a FedNow Participant that receives a payment order or Request for Confirmation through the FedNow Service. See “Operating Circular 8,” (September 21, 2022). Available at: [Operating Circular No. 8 - Funds Transfers through the FedNow Service \(frbservices.org\)](https://www.frb.org/operating-circulars/oc8).

⁴⁵ For more information on FedNow participation types, see “FedNow features: flexible participation types,” (April 27, 2021). Available at: <https://www.frb.org/financial-services/fednow/blog/fednow-features-flexible-participation-types.html>.

⁴⁶ A FedNow Participant that sends an RFP message can request either a CCT or a CCT return in response to the message.

Service, LMT is designed to support liquidity needs related to instant payments activity more broadly.⁴⁷

H. FedLine Solutions — The Reserve Banks charge fees for the electronic connections that financial institutions use to access priced services and allocate the costs and revenues associated with this electronic access to the priced services.⁴⁸ There are six FedLine channels through which customers can access the Reserve Banks’ priced services: FedMail[®], FedLine Exchange[®], FedLine Web[®], FedLine Advantage[®], FedLine Command[®] and FedLine Direct[®].⁴⁹ The Reserve Banks bundle these channels into eleven FedLine packages, described below, that are supplemented by a number of premium (or à la carte) access and accounting information options. In addition, the Reserve Banks offer FedComplete packages, which are bundled offerings of FedLine connections and a fixed number of FedACH Services, Fedwire Funds Service, and Check 21-enabled transactions.

Eight attended-access packages offer manual access to critical payment and information services via a web-based interface. The FedMail package provides access to basic information services via email, while the two FedLine Exchange packages are designed to provide certain services, such as the E-Payments Routing Directory, to customers that otherwise do not use FedLine for any payment services. Two FedLine Web packages offer online attended access to a range of services, including cash services, FedACH information services, and check service. Three FedLine Advantage packages

⁴⁷ LMT will enable participants in the FedNow Service to transfer funds to one another to support liquidity needs related to payment activity in the FedNow Service. LMT will also support participants in a private-sector instant payment service backed by a joint account at a Reserve Bank by enabling transfers between the master accounts of participants and a joint account. See “Service Details on Interbank Actions to Support Interbank Settlement of Instant Payments,” 85 FR 48522, (August 11 2020). Available here: <https://www.govinfo.gov/content/pkg/FR-2020-08-11/pdf/2020-17539.pdf>.

⁴⁸ FedLine Solutions provide customers with access to Reserve Bank priced services. As such, FedLine costs and revenue are allocated to the Reserve Banks’ priced services on an expense ratio basis.

⁴⁹ FedMail, FedLine Exchange, FedLine Web, FedLine Advantage, FedLine Command, and FedLine Direct are registered trademarks of the Federal Reserve Banks.

expand upon the FedLine Web packages and offer attended access to critical transactional services: FedACH, Fedwire Funds, and Fedwire Securities. FedLine Advantage will also offer attended access to the FedNow Service when it is operational.

Three unattended access packages are computer-to-computer, internet protocol (IP)-based interfaces. The FedLine Command package offers an unattended connection to FedACH, most accounting information services, and the FedNow Service when it is made available. The two remaining options are FedLine Direct packages, which allow for unattended connections at multiple connection speeds to Check, FedACH, Fedwire Funds, and Fedwire Securities transactional and information services and to most accounting information services. FedLine Direct packages will also allow for unattended connection to the FedNow Service.

The Reserve Banks propose to increase the monthly fees for the FedMail Email Service from \$60 to \$85, and for FedMail Subscribers from \$15 to \$25. To provide an incentive for current customers to move to alternatives such as FedLine Web, the Reserve Banks propose to introduce a monthly fee assessment for the FedMail Fax Service of \$200 beginning in 2023. The Reserve Banks propose to discontinue the FedMail Fax Service by December 31, 2023. The FedMail Fax Service is available à la carte for all FedLine Solutions access packages, and FedMail Email Service is available à la carte only for FedLine Web or higher packages.⁵⁰ The Reserve Banks seek not only to provide highly secure, modern access solutions, but also to enhance the customer experience through access to value-added services not available on legacy technology. Delivery of financial services information, such as transaction advices, accounting reports, and other statements over fax and email, does not align with industry best practices and poses potential risks to the confidentiality of customer information.

⁵⁰ In 2018, the Board of Governors approved a proposal to cease onboarding of new subscribers to the FedMail Fax Service effective January 1, 2019.

The Reserve Banks propose to update all existing FedComplete 100 and 200 packages. The Reserve Banks propose to increase the monthly fee for FedComplete Advantage Plus from \$825 to \$900, FedComplete 100 Advantage Premier from \$900 to \$975, FedComplete 200 Advantage Plus from \$1,350 to \$1,425, and FedComplete 200 Advantage Premier from \$1,425 to \$1,500. The Reserve Banks propose to discontinue offering FedComplete 100 Plus and FedComplete 200 Command Plus. The proposed price increase aligns with the increase to the Check Monthly Participation fee, FedACH participation and settlement fees, and Fedwire Funds Service fees in alignment with fee changes in this notice. The Reserve Banks are discontinuing FedComplete 100 Command Plus and 200 Command Plus because of low demand, no new customers being onboarded, and a need to streamline offerings to reduce complexity of service and billing.

The Reserve Banks propose to introduce a monthly fee assessment of \$400 for legacy VPN devices to customers who have not started the migration by October 1, 2023. VPN devices are a key component of a customer's FedLine Advantage and FedLine Command connections to critical payment and informational services. The purpose of this monthly fee assessment is to support the timely completion of the Next Generation Access Solution (NGAS) Virtual Private Network (VPN) migration. As part of the Federal Reserve Banks' ongoing modernization efforts, all customers are required to convert their VPN devices by the end of 2023.

In addition, the Reserve Banks propose that use of a wide area network (WAN) connection for priced services will be associated with, and billed in accordance with, FedLine Direct package fees.⁵¹ As the Reserve Banks support current customers and prepare to launch new services, the FedLine Direct network continues to be the premier

⁵¹ In 2019, a redesign of the FedLine Direct product offering was approved, introducing new package and pricing options that affected all FedLine Direct, Check 21 Large File Delivery, and other FedLine Command or FedLine Advantage customers that use a WAN connection.

solution, with added resiliency, greater security, active monitoring, dedicated bandwidth, and consistent operational support.⁵² The Reserve Banks estimate the above price changes will result in a 4.0 percent average price increase for FedLine customers.

Finally, for financial institutions that plan to adopt the FedNow Service in 2023, the Reserve Banks will discount certain FedLine fees to \$0.00 to support testing activities and streamlined onboarding processes.⁵³ More detail regarding discounted FedLine fees will be shared through existing Reserve Bank channels closer to FedNow Service introduction.

II. ANALYSIS OF COMPETITIVE EFFECT

All operational and legal changes considered by the Board that have a substantial effect on payment system participants are subject to the competitive impact analysis described in the March 1990 policy “The Federal Reserve in the Payments System.”⁵⁴ Under this policy, the Board assesses whether changes would have a direct and material adverse effect on the ability of other service providers to compete effectively with the Federal Reserve in providing similar services because of differing legal powers or constraints or because of a dominant market position deriving from such legal differences. If any proposed changes create such an effect, the Board must further evaluate the changes to assess whether the benefits associated with the changes—such as contributions to payment system efficiency, payment system integrity, or other Board objectives—can be achieved while minimizing the adverse effect on competition.

⁵² The Reserve Banks are preparing to deliver services to the industry via Application Programming Interfaces (API). APIs are a set of protocols for connecting software systems programmatically, enabling system-to-system interoperability. Communication will be forthcoming on timing and availability of initial APIs.

⁵³ Monthly fees for a new VPN device or WAN device to support FedNow Service activity will be discounted to \$0.00 in 2023. Fees to set up a new FedLine Solution for the FedNow Service will be discounted to \$0.00. Finally, new subscribers that the financial institution adds to support FedNow Service access will not contribute toward the fee for a FedLine Subscriber 5-Pack.

⁵⁴ Federal Reserve Regulatory Service (FRRS) 9-1558.

The 2023 fees, fee structures, and changes in service will not have a direct and material adverse effect on the ability of other service providers to compete effectively with the Reserve Banks in providing similar services. The Reserve Banks expect to continue to achieve aggregate long-run cost recovery across all mature priced services.

III. 2023 Fee Schedules

FEDACH SERVICES 2023 FEE SCHEDULE

EFFECTIVE JANUARY 3, 2023.

BOLD INDICATES CHANGES FROM 2022 PRICES

	Fee
FedACH minimum monthly fee	
Originating depository financial institution (ODFI) ⁵⁵	\$50.00
Receiving depository financial institution (RDFI) ⁵⁶	\$40.00
Origination (per item or record)	
Forward or return items	\$0.0035
SameDay Service - forward item ⁵⁷	\$0.0010 surcharge
Addenda record	\$0.0015
FedLine Web-originated returns and notification of change (NOC) ⁵⁸	\$0.50
Facsimile Exception Return/NOC ⁵⁹	\$45.00
SameDay Exception Return	\$45.00
Automated NOC	\$0.20
Volume discounts (based on monthly billed origination volume) ⁶⁰ per item when origination volume is	
750,001 to 1,500,000 items per month discount	\$0.0008
more than 1,500,000 items per month discount	\$0.0010
Volume discounts (based on monthly billed receipt volume) ⁶¹ per item when receipt volume is	
10,000,001 to 15,000,000 items per month discount	\$0.0002

⁵⁵ Any ODFI incurring less than \$50 for the following fees will be charged a variable amount to reach the minimum: Forward value and non-value item origination fees, and FedGlobal ACH origination surcharges.

⁵⁶ Any RDFI not originating forward value and non-value items and incurring less than \$40 in receipt fees will be charged a variable amount to reach the minimum. Any RDFI that originates forward value and non-value items incurring less than \$50 in forward value and nonvalue item origination fees will only be charged a variable amount to reach the minimum monthly origination fee.

⁵⁷ This surcharge is assessed on all forward items that qualify for sameday processing and settlement and is incremental to the standard origination item fee.

⁵⁸ The fee includes the item and addenda fees in addition to the conversion fee.

⁵⁹ The fee includes the item and addenda fees in addition to the conversion fee. Reserve Banks also assess a \$45 fee for every government paper return/NOC they process.

⁶⁰ Origination volumes at these levels qualify for a waterfall discount which includes all FedACH origination items.

⁶¹ Origination discounts based on monthly billed receipt volume apply only to those items received by FedACH receiving points and are available only to Premium Receivers.

more than 15,000,000 items per month discount	\$0.0003
Receipt (per item or record)	
Forward Item	\$0.0035
Return Item	\$0.0075
Addenda record	\$0.0015
Volume discounts	
Non-Premium Receivers ⁶² per item when volume is	
750,001 to 12,500,000 items per month ⁶³	\$0.0017 discount
more than 12,500,000 items per month ⁶⁴	\$0.0019 discount
Premium Receivers, Level One ⁶⁵ per item when volume is	
750,001 to 1,500,000 items per month ⁶⁶	\$0.0017 discount
1,500,001 to 2,500,000 items per month ^{64,66}	\$0.0017 discount
2,500,001 to 12,500,000 items per month ⁶⁴	\$0.0018 discount
more than 12,500,000 items per month ⁶⁴	\$0.0020 discount
more than 30,000,000 items per month⁶⁴	\$0.0023 discount
Premium Receivers, Level Two ⁶⁷ per item when volume is	
750,001 to 1,500,000 items per month ⁶⁸	\$0.0017 discount
1,500,001 to 2,500,000 items per month ⁶⁴	\$0.0017 discount
2,500,001 to 12,500,000 items per month ⁶⁴	\$0.0019 discount
more than 12,500,000 items per month ⁶⁴	\$0.0021 discount
more than 30,000,000 items per month⁶⁴	\$0.0024 discount

FedACH Risk Management Services⁶⁹

⁶² RDFIs receiving through FedACH less than 90 percent of their FedACH-originated items.

⁶³ This per-item discount is a reduction to the standard receipt fees listed in this fee schedule.

⁶⁴ Receipt volumes at these levels qualify for a waterfall discount which includes all FedACH receipt items.

⁶⁵ RDFIs receiving through FedACH at least 90 percent of their FedACH-originated items, but less than 90 percent of all of their ACH items originated through any operator.

⁶⁶ This per-item discount is a reduction to the standard receipt fees listed in this fee schedule.

⁶⁷ RDFIs receiving through FedACH at least 90 percent of all of their ACH items originated through any operator.

⁶⁸ This per-item discount is a reduction to the standard receipt fees listed in this fee schedule.

⁶⁹ Criteria may be set for both the Origination Monitoring Service and the RDFI Alert Service. Subscribers with no criteria set up will be assessed the \$35 monthly package fee.

Monthly Package Fee (a single fee based on total number of criteria sets)

For up to 5 criteria sets	\$45.00
For 6 through 11 criteria sets	\$85.00
For 12 through 23 criteria sets	\$150.00
For 24 through 47 criteria sets	\$180.00
For 48 through 95 criteria sets	\$300.00
For 96 through 191 criteria sets	\$510.00
For 192 through 383 criteria sets	\$810.00
For 384 through 584 criteria sets	\$1,025.00
For more than 584 criteria sets	\$1,325.00

Batch/Item Monitoring (based on total monthly volume)

For 1 through 100,000 batches (per batch)	\$0.007
For more than 100,000 batches (per batch)	\$0.0035

FedPayments Insights Service⁷⁰**Monthly Fee (a single fee based on commercial receipt volume)**

0 – 50,000 items per month	\$75.00
50,001 – 100,000 items per month	\$120.00
100,001 – 500,000 items per month	\$180.00
500,001 – 1,000,000 items per month	\$260.00
1,000,001 – 5,000,000 items per month	\$340.00
5,000,001 – 10,000,000 items per month	\$450.00
10,000,001 – 25,000,000 items per month	\$550.00
25,000,001 – 60,000,000 items per month	\$625.00
Over 60,000,000 items per month	\$700.00

Monthly FedPayments Reporter Service**FedPayments Reporter Service monthly package includes the following reports**

ACH Received Entries Detail – Customer and Depository Financial Institution	
ACH Return Reason Report – Customer and Depository Financial Institution	
ACH Originated Entries Detail – Customer and Depository Financial Institution	
ACH Volume Summary by SEC Code – Customer	
ACH Customer Transaction Activity	
ACH Death Notification	
ACH International (IAT)	
ACH Notification of Change	
ACH Payment Data Information File	
ACH Remittance Advice Detail	
ACH Remittance Advice Summary	
ACH Return Item Report and File	
ACH Return Ratio	
ACH Social Security Beneficiary	
ACH Originator Setup	
ACH Report Delivery via FedLine Solution	
On Demand Report Surcharge ⁷¹	\$1.00

⁷⁰ Monthly commercial receipt volume is calculated based on combined volume of subscribed ABAs in an account family.

Monthly Package Fee (counts reflect reports generated as well as delivered via a FedLine Solution)

For up to 50 reports	\$45.00
For 51 through 150 reports	\$65.00
For 151 through 500 reports	\$120.00
For 501 through 1,000 reports	\$220.00
For 1,001 through 1,500 reports	\$320.00
For 1,501 through 2,500 reports	\$505.00
For 2,501 through 3,500 reports	\$705.00
For 3,501 through 4,500 reports	\$900.00
For 4,501 through 5,500 reports	\$1095.00
For 5,501 through 7,000 reports	\$1,350.00
For 7,001 through 8,500 reports	\$1,585.00
For 8,501 through 10,000 reports	\$1,815.00
For more than 10,000 reports	\$1,980.00

Premier reports (per report generated)⁷¹

ACH Volume Summary by SEC Code Report - Depository Financial Institution

For 1 through 5 reports	\$10.00
For 6 through 10 reports	\$6.00
For 11 or more reports	\$1.00
On Demand Surcharge	\$1.00

ACH Routing Number Activity Report

For 1 through 5 reports	\$10.00
For 6 through 10 reports	\$6.00
For 11 or more reports	\$1.00
On Demand Surcharge	\$1.00

ACH Originated Batch Report (monthly)

For 1 through 5 reports	\$10.00
For 6 through 10 reports	\$6.00
For 11 or more reports	\$1.00
On Demand Surcharge	\$1.00

ACH Originated Batch Report (daily)

Scheduled Report	\$0.65
On Demand Surcharge	\$1.00

On-us inclusion

Participation (monthly fee per RTN)	\$10.00
Per-item	\$0.0030
Per-addenda	\$0.0015

Report delivery via encrypted email (per email)	\$0.20
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Other Fees and Discounts

Monthly fee (per RTN)

⁷¹ Premier reports generated on demand are subject to the package/tiered fees plus a surcharge.

FedACH Participation Fee⁷²	\$75.00
Same Day Service Origination Participation Fee ⁷³	\$10.00
FedACH Settlement Fee⁷⁴	
Premium Receivers, Level One⁷⁵ and Level Two⁷⁶	\$60.00
Non-Premium Receivers⁷⁷ when volume is less than 1,500,000 items per month	\$100.00
Non-Premium Receivers⁷⁸ when volume is more than 1,500,000 items per month	\$200.00
FedACH Information File Extract Fee	\$180.00
IAT Output File Sort Fee	\$150.00
Fixed Participation Fee - Automated NOCs ⁷⁹	\$5.00
Non-Electronic Input/Output fee⁸⁰	
CD/DVD (CD or DVD)	\$50.00
Paper (file or report)	\$50.00
Fees and Credits Established by Nacha⁸¹	
Nacha Same Day Entry fee (per item)	\$0.052
Nacha Same Day Entry credit (per item)	\$0.052 (credit)
Nacha Unauthorized Entry fee (per item)	\$4.50
Nacha Unauthorized Entry credit (per item)	\$4.50 (credit)
Nacha Admin Network fee (monthly fee per RTN)	\$22.00
Nacha Admin Network fee (per entry)	\$0.000185
FedGlobal® ACH Payments⁸²	
Fixed Monthly Fee (per RTN)⁸³	
Monthly origination volume more than 500 items	\$185.00
Monthly origination volume between 161 and 500 items	\$60.00
Monthly origination volume less than 161 items	\$20.00

⁷² The fee applies to RTNs that have received or originated FedACH transactions during a month. Institutions that receive only U.S. government transactions or that elect to use a private-sector operator exclusively are not assessed the fee.

⁷³ This surcharge is assessed to any RTN that originates at least one item meeting the criteria for same-day processing and settlement in a given month.

⁷⁴ The fee is applied to any RTN with activity during a month, including RTNs of institutions that elect to use a private-sector operator exclusively but also have items routed to or from customers that access the ACH network through FedACH. This fee does not apply to RTNs that use the Reserve Banks for only U.S. government transactions.

⁷⁵ RDFIs receiving through FedACH at least 90 percent of their FedACH-originated items, but less than 90 percent of all of their ACH items originated through any operator.

⁷⁶ RDFIs receiving through FedACH at least 90 percent of all of their ACH items originated through any operator.

⁷⁷ RDFIs receiving through FedACH less than 90 percent of their FedACH-originated items.

⁷⁸ RDFIs receiving through FedACH less than 90 percent of their FedACH-originated items.

⁷⁹ Fee will be assessed only when automated NOCs are generated.

⁸⁰ Limited services are offered in contingency situations.

⁸¹ The fees and credits listed are collected from the ODFI and credited to Nacha (admin network) or to the RDFI (same-day entry and unauthorized entry) in accordance with the *ACH Rules*.

⁸² The international fees and surcharges vary from country to country as these are negotiated with each international gateway operator.

⁸³ A single monthly fee based on total FedGlobal ACH Payments origination volume.

Per-item Origination Fee for Monthly Volume more than 500 Items (surcharge) ⁸⁴	
Canada service	\$0.50
Mexico service	\$0.55
Panama service	\$0.60
Europe service	\$1.13
Per-item Origination Fee for Monthly Volume between 161 and 500 items (surcharge) ⁸⁴	
Canada service	\$0.75
Mexico service	\$0.80
Panama service	\$0.85
Europe service	\$1.38
Per-item Origination Fee for Monthly Volume less than 161 items (surcharge) ⁸⁴	
Canada service	\$1.00
Mexico service	\$1.05
Panama service	\$1.10
Europe service	\$1.63
Other FedGlobal ACH Payments Fees	
Canada service	
Return received from Canada ⁸⁵	\$0.99 (surcharge)
Trace of item at receiving gateway	\$5.50
Trace of item not at receiving gateway	\$7.00
Mexico service	
Return received from Mexico ⁸⁵	\$0.91 (surcharge)
Item trace	\$13.50
Foreign currency to foreign currency (F3X) item originated to Mexico ⁸⁴	\$0.67 (surcharge)
Panama service	
Return received from Panama ⁸⁵	\$1.00 (surcharge)
Item trace	\$7.00
NOC	\$0.72
Europe service	
F3X item originated to Europe ⁸⁴	\$1.25 (surcharge)
Return received from Europe ⁸⁵	\$1.35 (surcharge)
Item trace	\$7.00

Exception Resolution Service

Monthly Fees (applies to cases only at the parent RTN)⁸⁶

Up to 5 cases	\$20.00
6 – 25 cases	\$40.00

⁸⁴ This per-item surcharge is in addition to the standard domestic origination fees listed in this fee schedule.

⁸⁵ This per-item surcharge is in addition to the standard domestic receipt fees listed in this fee schedule.

⁸⁶ The monthly fee is rolled up to the parent DI level, such that a DI that opts into the FedACH Exception Resolution Service under two separate RTNs would pay a single monthly fee based on the total number of cases opened for their two RTNs combined.

26 – 50 cases	\$60.00
51 – 100 cases	\$100.00
101 – 1,000 cases	\$250.00
1,001 – 5,000 cases	\$400.00
5,001 cases and above	\$500.00
Offline Service Participant – Case Fees ⁸⁷	
Case Open Fee	\$5.00
Case Response Fee	\$5.00

⁸⁷ A financial institution may enroll in the Service as an Offline Service Participant by designating the Reserve Bank to access and use the functionality of the application on behalf of the Offline Participant.

FEDWIRE FUNDS SERVICE AND NATIONAL SETTLEMENT SERVICE 2023 FEE SCHEDULES

EFFECTIVE JANUARY 3, 2023.
BOLD INDICATES CHANGES FROM 2022 PRICES.

Fedwire Funds Service

	Fee
Monthly Participation Fee	\$100.00
Basic volume-based pre-incentive transfer fee (originations and receipts) – per transfer for	
Tier 1: The first 14,000 transfers per month	\$0.920
Tier 2: Additional transfers up to 90,000 per month	\$0.285
Tier 3: Every transfer over 90,000 per month	\$0.180
Volume-based transfer fee with the incentive discount (originations and receipts) – per eligible transfer for ⁸⁸	
Tier 1: The first 14,000 transfers per month	\$0.184
Tier 2: Additional transfers 14,001 to 90,000 per month	\$0.057
Tier 3: Every transfer over 90,000 per month	\$0.036
Surcharge for Offline Transfers (Originations and Receipt)	\$75.00
Surcharge for End-of-Day Transfer Originations ⁸⁹	\$0.26
Monthly FedPayments Manager Import/Export fee ⁹⁰	\$50.00
Surcharge on transfers >\$10 million Origination and Receipt	\$0.14
Surcharge on transfers >\$100 million Origination and Receipt	\$0.36
Surcharge for Payment Notification:	
Origination Surcharge ⁹¹	\$0.01
Receipt Volume ⁹¹⁹²	N/A

⁸⁸ The incentive discounts apply to the volume that exceeds 60 percent of a customer's historic benchmark volume. Historic benchmark volume is based on a customer's average daily activity over the previous five calendar years. If a customer has fewer than five full calendar years of previous activity, its historic benchmark volume is based on its daily activity for as many full calendar years of data as are available. If a customer has less than one year of past activity, then the customer qualifies automatically for incentive discounts for the year. The applicable incentive discounts are as follows: \$0.736 for transfers up to 14,000; \$0.228 for transfers 14,001 to 90,000; and \$0.144 for transfers over 90,000.

⁸⁹ This surcharge applies to originators of transfers that are processed by the Reserve Banks after 5:00 p.m. eastern time.

⁹⁰ This fee is charged to any Fedwire Funds participant that originates a transfer message via the FedPayments Manager (FPM) Funds tool and has the import/export processing option setting active at any point during the month.

⁹¹ Payment Notification and End-of-Day Origination surcharges apply to each Fedwire funds transfer message.

⁹² Provided on billing statement for informational purposes only.

Delivery of Reports – Hard Copy Reports to On-Line Customers

\$50.00

Special Settlement Arrangements (charge per settlement day)⁹³

\$150.00

⁹³ This charge is assessed to settlement arrangements that use the Fedwire Funds Service to affect the settlement of interbank obligations (as opposed to those that use the National Settlement Service). With respect to such special settlement arrangements, other charges may be assessed for each funds transfer into or out of the accounts used in connection with such arrangements.

National Settlement Service

Basic

Settlement Entry Fee

\$1.50

Settlement File Fee

\$30.00

⁹⁴ If your organization is a settlement agent, it may be able to use the National Settlement Service offline service if it is experiencing an operational event that prevents the transmission of settlement files via its electronic connection to the Federal Reserve Banks. The Federal Reserve Banks have limited capacity to process offline settlement files. As a result, while the Federal Reserve Banks use best efforts to process offline settlement file submissions, there is no guarantee that an offline settlement file, in particular one that is submitted late in the operating day or that contains a large number of entries, will be accepted for processing. Only those persons identified as authorized individuals on the National Settlement Service 04 Agent Contact Form may submit offline settlement files. For questions related to the National Settlement Service offline service, please contact National Settlement Service Central Support Service Staff (CSSS) at 800-758-9403, or via email at csss.staff@ny.frb.org.

Minimum Monthly Fee ⁹⁵	\$60.00
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FEDWIRE SECURITIES SERVICE 2023 FEE SCHEDULE

EFFECTIVE JANUARY 3, 2023.

BOLD INDICATES CHANGES FROM 2022 PRICES.

Fee

Basic Transfer Fee^{96, 97}

Agency Securities: Transfer or reversal originated or received	\$0.61
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⁹⁵ Any settlement arrangement that accrues less than \$60 during a calendar month will be assessed a variable amount to reach the minimum monthly fee.

⁹⁶ Restricted Securities Accounts maintained by the Reserve Banks under the Loans and Discounts program and the 31 CFR part 202 program are not assessed for monthly account maintenance fees or fees for Transfers of Book-Entry Securities to or from such Restricted Securities Accounts. Restricted Securities Accounts maintained by the Reserve Banks under the 31 CFR part 225 program are subject to monthly account maintenance fees but not fees for Transfers of Book-Entry Securities to or from such Restricted Securities Accounts.

⁹⁷ These fees are set by the Federal Reserve Banks.

Treasury Securities: Transfer or reversal originated or received	\$0.61
Surcharge ⁹⁸	
Agency Securities: Offline origination & receipt surcharge	\$80.00
Treasury Securities: Offline origination & receipt surcharge	\$80.00
Monthly Maintenance Fees ⁹⁹	
Agency Securities: Account maintenance (per account) ¹⁰⁰	\$57.50
Agency Securities: Issue maintenance (per issue/per account)¹⁰¹	\$0.61
Treasury Securities: Account maintenance (per account) ¹⁰²	None
Treasury Securities: Issue maintenance (per issue/per account) ¹⁰³	None
ACAP Fees ^{104, 105}	
Claims Adjustment Fee ^{106, 107}	\$1.00
Tracking Indicators Fee	\$0.10
Position Maintenance Fee	\$0.03
(per position maintained/per business day)^{108, 109}	

⁹⁸ This surcharge is set by the Federal Reserve Banks. It is in addition to any basic transfer or reversal fee.

⁹⁹ Restricted Securities Accounts maintained by the Reserve Banks under the Loans and Discounts program and the 31 CFR. part 202 program are not assessed for monthly account maintenance fees or fees for Transfers of Book-Entry Securities to or from such Restricted Securities Accounts. Restricted Securities Accounts maintained by the Reserve Banks under the 31 CFR part 225 program are subject to monthly account maintenance fees but not fees for Transfers of Book-Entry Securities to or from such Restricted Securities Accounts.

¹⁰⁰ These fees are set by the Federal Reserve Banks.

¹⁰¹ These fees are set by the Federal Reserve Banks.

¹⁰² The U.S. Department of the Treasury absorbs the monthly account maintenance fees the Federal Reserve Banks charge to the extent a securities account contains only Treasury securities.

¹⁰³ The U.S. Department of the Treasury absorbs the monthly account maintenance fees the Federal Reserve Banks charge to the extent a securities account contains only Treasury securities.

¹⁰⁴ These fees are set by the Federal Reserve Banks.

¹⁰⁵ Automated Claim Adjustment Process (ACAP) fees apply to all ACAP-eligible security types. For information about ACAP's enhancements coming up in 2023 and their implementation dates, please visit this website.

¹⁰⁶ The billing code 20141, Fail Claim Adjustment Fee, will be sunset once Phase 1 of the ACAP's Enhancement Project goes live. For information about ACAP's enhancements implementation dates, please visit this website.

¹⁰⁷ The billing codes 20144, Fail Claim Adjustment Fee (Debit), and 20145, Fail Claim Adjustment Fee (Credit), will be introduced once Phase 1 of the ACAP's Enhancement Project goes live. These fees will replace the billing code 20141, Fail Claim Adjustment Fee. For information about ACAP's enhancements implementation dates, please visit this website.

¹⁰⁸ Participants are charged the Repo Position Maintenance Fee for both a Repo-Out balance and a Repo-In balance. These fees will be assessed every business day.

¹⁰⁹ Participants are charged the Securities Lending Position Maintenance Fee for both a Securities Borrowed balance and a Securities Lent balance. These fees will be assessed every business day.

GNMA Serial Note Stripping or Reconstitution Fee ¹¹⁰	\$9.00
Joint Custody Origination Surcharge ^{111, 112}	\$46.00
Delivery of Reports – Hard Copy Reports to On-Line Customers ¹¹³	\$50.00

¹¹⁰ This fee is set by and remitted to the Government National Mortgage Association (GNMA).

¹¹¹ The Federal Reserve Banks charge participants a Joint Custody Origination Surcharge for both Agency and Treasury securities.

¹¹² These fees are set by the Federal Reserve Banks.

¹¹³ These fees are set by the Federal Reserve Banks.

FEDNOW SERVICE 2023 FEE SCHEDULE

EFFECTIVE JANUARY 3, 2023.

BOLD INDICATES CHANGES FROM 2022 PRICES

	Fee
Customer Credit Transfer (per item) PACS.008 Origination	\$0.045
Customer Credit Transfer Returns (per item) PACS.004 Origination	\$0.045
Liquidity Management Transfer (LMT) (per-item) PACS.009 Origination	\$1.00
Request for Payment (RFP) (per-item) PAIN.013	\$0.01
PACS.008 Origination Discount	-\$0.045 per item for up to 2,500 customer credit transfers per month (in 2023)
Participation Fee – General (per month)	\$25.00, discounted to \$0.00 in 2023

FEDLINE 2023 FEE SCHEDULE

EFFECTIVE JANUARY 3, 2023.

BOLD INDICATES CHANGES FROM 2022 PRICES.

	Fee
<u>FedComplete Packages (monthly)</u> ^{114,115}	
FedComplete 100A Plus ¹¹⁶	\$900.00
includes FedLine Advantage Plus package	
FedLine Subscriber – Pack of 5	
7,500 FedForward transactions	
46 FedForward Cash Letter items	
70 FedReturn transactions	
14,000 FedReceipt transactions	
Check monthly participation fee	
35 Fedwire Funds origination transfers	
35 Fedwire Funds receipt transfers	
Fedwire monthly participation fee	
1,000 FedACH origination items	
FedACH monthly minimum fee – Forward Origination	

¹¹⁴ FedComplete packages are all-electronic service options that bundle payment services with an access solution for one monthly fee.

¹¹⁵ FedComplete customers that use the email service would be charged the FedMail Email a la carte fee and for all FedMail-FedLine Exchange Subscriber 5-packs.

¹¹⁶ Packages with an “A” include the FedLine Advantage channel.

7,500 FedACH receipt items	
FedACH monthly minimum fee – Receipt	
10 FedACH web-originated return/NOC	
500 FedACH addenda record originated	
1,000 FedACH addenda record received	
100 FedACH SameDay Service – Forward Item Originated	
FedACH Participation Fee	
FedACH settlement fee	
FedACH SameDay Service origination participation fee	
FedComplete 100A Premier	\$975.00
includes FedLine Advantage Premier package	
Volumes included in the FedComplete 100A Plus package	
FedComplete 200A Plus	\$1,425.00
includes FedLine Advantage Plus package	
FedLine subscriber 5-pack	
25,000 FedForward transactions	
46 FedForward Cash Letter items	
225 FedReturn transactions	
25,000 FedReceipt transactions	
Check monthly participation fee	
100 Fedwire Funds origination transfers	
100 Fedwire Funds receipt transfers	
Fedwire monthly participation fee	
2,000 FedACH origination items	
FedACH monthly minimum fee – Forward Origination	
25,000 FedACH receipt items	
FedACH monthly minimum fee – Receipt	
20 FedACH web-originated return/NOC	
750 FedACH addenda record originated	
1,500 FedACH addenda record received	
200 FedACH SameDay Service – Forward Item Originated	
FedACH Participation Fee	
FedACH settlement fee	
FedACH SameDay Service origination participation fee	
FedComplete 200A Premier	\$1,500.00
includes FedLine Advantage Premier package	
Volumes included in the FedComplete 200A Plus package	
FedComplete Excess Volume and Receipt Surcharge¹¹⁷	
FedForward ¹¹⁸	\$0.03700/item

¹¹⁷ Per-item surcharges are in addition to the standard fees listed in the applicable priced services fee schedules.

¹¹⁸ FedComplete customers will be charged \$4 for each FedForward cash letter over the monthly package threshold. This activity will appear under billing code 51998 in Service Area 1521 on a month-lagged basis.

FedReturn	\$0.82000/item
FedReceipt	\$0.00005/item
Fedwire Funds Origination	\$0.88000/item
Fedwire Funds Receipt	\$0.08800/item
FedACH Origination	\$0.00350/item
FedACH Receipt	\$0.00035/item
FedComplete credit adjustment	various
FedComplete debit adjustment	various
<u>FedLine Solutions (monthly)</u>	
FedMail ¹¹⁹	\$85.00
includes FedMail access channel	
Check FedFoward, Fed Return and FedReceipt Services	
Check Adjustments	
FedACH Download Advice and Settlement Information	
Fedwire Funds Offline Advices	
Daily Statement of Account (Text)	
Monthly Statement of Service Charges (Text)	
Electronic Cash Difference Advices	
FedLine Exchange ¹¹⁹	\$40.00
includes E-Payments Directory (via manual download	
FedLine Exchange Premier ¹²⁰	\$125.00
includes FedLine Exchange package	
E-Payments Directory (via automated download)	
FedLine Web ¹²¹	\$110.00

¹¹⁹ FedMail and FedLine Exchange packages do not include user credentials, which are required to access priced services and certain informational services. Credentials are sold separately in packs of five via the FedMail-FedLine Exchange Subscriber 5-pack.

¹²⁰ Additional VPNs are available for FedLine Advantage, FedLine Command, and FedLine Direct packages only. All customers will need to replace their existing VPN device with the new VPN device. Effective October 1, 2023, customers who have not started migration will be assessed a \$400 monthly fee until migration is complete.

¹²¹ FedLine Web and Advantage packages do not include user credentials, which are required to access priced services and certain informational services. Credentials are sold separately in packs of five via the FedLine Subscriber 5-pack.

includes	<ul style="list-style-type: none"> FedLine Web access channel Services included in the FedLine Exchange package Check FedForward, FedReturn and FedReceipt Services Check Adjustments FedACH Derived Returns and NOCs FedACH File, Batch and Item Detail Information FedACH Download Advice FedACH Settlement Information FedACH Customer Profile Information FedACH Returns Activity Statistics FedACH Risk RDFI Alert Service FedACH Risk Returns Reporting Service FedACH Exception Resolution Service FedCash® Services 	
	FedLine Web Plus ¹²¹ 121	\$160.00
includes	<ul style="list-style-type: none"> Services included in the FedLine Web package FedACH Risk Origination Monitoring Service FedACH FedPayments Reporter Service Check Large Dollar Return Check FedImage Services Account Management Information (AMI) Daily Statement of Account (PDF, Text) Daylight Overdraft Reports Monthly Account Services (SCRD) File Monthly Statement of Service Charges (PDF, Text) E-Payments Routing Directory (via automated download) 	
	FedLine Advantage ¹²¹ 121	\$415.00
includes	<ul style="list-style-type: none"> FedLine Advantage access channel One VPN device Services included in the FedLine Web package FedACH File Transmission To/From Federal Reserve FedACH Request Output File Delivery FedACH View File Transmission and Processing Status Fedwire Originate and Receive Funds Transfer Fedwire Originate and Receive Securities Transfer National Settlement Service Services Check Large Dollar Return Check FedImage Services Account Management Information with Intra-Day Download Search File Daily Statement of Account (PDF, Text) Daylight Overdraft Reports Monthly Account Services (SCRD) File Monthly Statement of Service Charges (PDF, Text) 	
	FedLine Advantage Plus ¹²¹	\$460.00
includes	<ul style="list-style-type: none"> Services included in the FedLine Advantage package One VPN device FedACH Risk Origination Monitoring Service FedACH FedPayments Reporter Service 	

Fedwire Funds FedPayments Manager Import/Export (less than or equal to 250 Fedwire transactions and one routing number per month)
FedTransaction Analyzer® (less than 250 or equal to Fedwire transactions and one routing number per month)
E-Payments Routing Directory (via automated download)

FedLine Advantage Premier¹²¹ \$570.00

Includes FedLine Advantage Plus package
Two VPN devices
Fedwire Funds FedPayments Manager Import/Export (more than 250 Fedwire transactions or more than one routing number in a given month)
FedTransaction Analyzer (more than 250 Fedwire transactions or more than one routing number per month)

FedLine Command Plus¹²² \$1,035.00

includes FedLine Command access channel
Services included in the FedLine Advantage Plus package
One VPN device
Additional FedLine Command server certificates
Fedwire Statement Services
Fedwire Funds FedPayments Manager Import/Export (more than 250 Fedwire transactions or more than one routing number in a given month)
FedTransaction Analyzer (more than 250 Fedwire transactions or more than one routing number in a given month)
Intra-Day File with Transaction Details (up to six times daily)
Statement of Account Spreadsheet File (SASF)
Financial Institution Reconciliation Data (FIRD) File (machine readable)

¹²² FedLine Solutions package fees associated with establishing a new connection or upgrading a current connection to FedLine Advantage®, FedLine Command®, or FedLine Direct® for the FedNowSM Service will be credited back on a monthly basis in 2023.

FedLine Direct Plus ¹²³	\$5,500.00
includes FedLine Direct access channel	
Services included in the FedLine Command Plus package	
One VPN device	
One 2 Mbps Dedicated WAN Connection	
Additional FedLine Direct server certificates	
Treasury Check Information System (TCIS)	
Dual Vendors	
FedLine Direct Contingency Solution	

FedLine Direct Premier ¹²³	\$10,500.00
includes Services included in the FedLine Direct Plus package	
Two 2 Mbps dedicated WAN Connections	
One Network Diversity	
Two VPN devices	

A la carte options (monthly)¹²⁴

Electronic Access	
FedMail - FedLine Exchange Subscribers – Pack of 5 ¹²⁵	\$25.00
FedLine Subscribers – Pack of 5 (access to Web and Advantage)	\$100.00
Additional VPNs ^{126,127}	\$100.00
Additional 2 Mbps WAN connection ¹²³	\$3,000.00
WAN Connection Upgrade	
10 Mbps ¹²⁸	\$1,700.00
30 Mbps ¹²⁸	\$3,000.00
50 Mbps ¹²⁸	\$4,000.00
100 Mbps ¹²⁸	\$7,000.00
200 Mbps ¹²⁸	\$11,000.00
FedLine International Setup (one-time fee)	\$5,000.00

¹²³ Early termination fees and/or expedited order fees may apply to all FedLine Direct packages and FedLine Direct a la carte options.

¹²⁴ These add-on services can be purchased only with a FedLine Solution.

¹²⁵ New FedNowSM Subscribers will not contribute toward the FedLine Subscribers - Pack of 5 monthly fee in 2023.

¹²⁶ Additional VPNs are available for FedLine Advantage, FedLine Command, and FedLine Direct packages only. All customers will need to replace their existing VPN device with the new VPN device. Effective October 1, 2023, customers who have not started migration will be assessed a \$400 monthly fee until migration is complete.

¹²⁷ An additional VPN or WAN device leveraged exclusively for the FedNowSM Service will not be assessed the monthly ala carte fee for the device(s) in 2023. While customers may opt to add a WAN router of any applicable line speed for the FedNowSM Service, the total monthly qualifying amount will be limited to \$5,000 per month.

¹²⁸ Fee is in addition to the FedLine Direct package fees or additional 2Mbps WAN fees.

FedLine Custom Implementation Fee (one-time fee) ¹²⁹	various
Network Diversity	\$2,500.00
FedMail Fax ¹³⁰	\$200.00
FedMail Email (for customers with FedLine Web and above) ¹³¹	\$85.00
VPN Device Modification (one-time fee)	\$200.00
VPN Device Missed Activation Appointment (one-time fee)	\$175.00
VPN Device Expedited Hardware Surcharge (one-time fee)	\$100.00
VPN Device Replacement or Move (one-time fee)	\$300.00
E-Payments Automated Download (1-5 Add'l Codes) ¹³²	\$75.00
E-Payments Automated Download (6-20 Add'l Codes) ¹³²	\$150.00
E-Payments Automated Download (21-50 Add'l Codes) ¹³²	\$300.00
E-Payments Automated Download (51-100 Add'l Codes) ¹³²	\$500.00
E-Payments Automated Download (101-250 Add'l Codes) ¹³²	\$1,000.00
E-Payments Automated Download (>250 Add'l Codes) ¹³²	\$2,000.00
Accounting Information Services (monthly)	
Cash Management System (CMS) Plus – Own report – up to 12 files with ¹³³	
no OSRTN, respondent/sub-account activity	\$60.00
less than 10 OSRTNs, respondents and/or sub-accounts	\$125.00
10-50 OSRTNs, respondents and/or sub-accounts	\$250.00
51-100 OSRTNs, respondents and/or sub-accounts	\$500.00
101-500 OSRTNs, respondents and/or sub-accounts	\$750.00
>500 OSRTNs, respondents and/or sub-accounts	\$1,000.00
End-of-Day Financial Institution Reconciliation Data (FIRD) File ¹³⁴	\$150.00
Statement of Account Spreadsheet File (SASF) ¹³⁵	\$150.00
Intra-day Download Search Results in Spreadsheet Format (with AMI) ¹³⁶	\$150.00
Other	
Software Certification	\$0.00 to \$8,000.00
Vendor Pass-Through Fee	various
Electronic Access Credit Adjustment	various
Electronic Access Debit Adjustment	various

¹²⁹ The FedLine Custom Implementation Fee is \$2,500 or \$5,000 based on the complexity of the setup.

¹³⁰ Limited to installed base only. All customers will need to migrate FedMail Fax services to FedMail or FedLine services, where applicable. Effective October 1, 2023, the price will increase to \$400 for FedMail Fax.

¹³¹ Available only to customers with a priced FedLine package.

¹³² Five download codes are included at no cost in all Plus and Premier packages

¹³³ Cash Management Service options are limited to Plus and Premier packages.

¹³⁴ The End of Day Financial Institution Reconciliation Data (FIRD) File option is available for FedLine Web Plus, FedLine Advantage Plus and Premier packages. It is available for no extra fee in FedLine Command Plus and Direct packages.

¹³⁵ The Statement of Account Spreadsheet File (SASF) option is available for FedLine Web Plus, FedLine Advantage Plus and Premier packages. It is available for no extra fee in FedLine Command Plus and Direct packages.

¹³⁶ The Intra-day Download Search Results in Spreadsheet Form option is available for the FedLine Web Plus package. It is available for no extra fee in FedLine Advantage and higher packages.

By order of the Board of Governors of the Federal Reserve System.

Ann E. Misback,

Secretary of the Board.

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